MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BMR2054 – MARKETING AND INFORMATION TECHNOLOGY

(All sections / Groups)

25 OCTOBER 2017
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE (5)** printed pages with **ONE (1)** question in **SECTION A** and **FOUR (4)** questions in **SECTION B.**

2. Answer **ALL QUESTIONS** in **SECTION A.** Attempt **THREE (3)** questions in **SECTION B.** The distribution of marks for each question is given.

3. Please write all your answers in the Answer Booklet.

SECTION A : CASE STUDY[25 Marks]
ANSWER ALL QUESTIONS.

THE AMAZON STORY

After opening its virtual door in 1995, Amazon.com was one of the first to prove that the online retailing business model can be profitable, reporting its first-ever net profit in the fourth quarter of 2001 (USD 3.1 billion in net sales). Now a Fortune 500 company, in 2011 Amazon.com announced USD 48.1 billion net sales (41% growth from 2010) and USD 631 million in net income – an impressive growth rate. Amazon's strong customer service strategy (focusing on consumers, companies, e-commerce sellers, and content creators) has paid off big time.

Amazon, a dot-com survivor, is quite adept at leveraging its competencies into many different e-business models. It started as the world's biggest bookstore, but soon branched out into the "everything store". First is its core business – online retailing. Amazon sells merchandise and content purchased from manufacturers and resellers to consumer markets. Sales of paper books, electronic books through its Kindle platform, music, and DVDs account for the large proportion of Amazon's sales, but non media sales now comprise 60 percent of all sales (toys, tools, health and beauty aids, prescription drugs, home furnishing, electronics, apparel, and more). Amazon also began renting textbooks in 2012. A truly global organization, 44.5 percent of all its sales occur outside of North America.

Second are Amazon's e-commerce partnerships with many retailers. These partnerships bring revenue through differing commitments, but they typically involve Amazon earning fixed fees, sales commissions, or per-unit activity fees by offering third-party merchandise on Amazon.com Web site. Customers can purchase items in dozens of product categories and complete the transaction in one checkout process. Amazon also offers to undertake marketing, customer service, and product fulfilment services (inventory storage and delivery) on behalf of its partners. This partnership business model can be more profitable than the pure retailing model because Amazon earn a fee by leveraging its automated services, e-commerce experience, and huge customer base.

Amazon has evolved from online retailer, to e-commerce partner, and now to developer service provider. It sells many different Web services and space for computing, storing, and retrieving data from anywhere on the Web through its Amazon Web Services (AWS) business. Amazon offers 28 different Web services in 190 countries.

Amazon is also a content provider, offering authors and publishing companies an online platform for selling digital content for the Kindle. Authors receive 70 percent royalties and some have realized handsome revenues from this. Musicians and film makers also sell content through Amazon's Create Space.

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Amazon also uses another important e-business model. It created the first affiliate program (called Amazon Associates), giving hundreds of thousands of Web site owners up to 15 percent commission for referring customers who purchase at Amazon. These partners integrate merchandise seamlessly into their Web sites via Amazon's Associate program. It is like having lots of sales people all over the world, and in fact, Amazon classifies this commission as a marketing expense in its annual reports.

According to founder and CEO Jeff Bezos, Amazon is not interested in expanding to the physical world because the company cannot differentiate Amazon-branded brick-and-mortar stores from well-established physical bookstores in a meaningful way. Amazon's success is based on selection, lower prices, better availability, solid and innovative technology, and better product information. Amazon's use of customer product reviews and product suggestions based on collective purchasing behaviour also places it a cut above other retailers. It wins with low capital and high return business models. Amazon's future success seems certain because it knows how to capitalize on its unique capabilities through strategic planning and with careful management of its existing business models-and it remains customer-obsessed.

Sources: Amazon.com media kit (housed at phx.corporate-ir.net/) and annual report (annualreports.com).

QUESTION 1

a) Identify **TWO (2)** business models Amazon.com used and at which level of e-business commitment each falls.

(10 marks)

b) What performance metrics might Amazon.com use to measure progress toward its **growth** and **customer service** objectives? Identify any **FIVE (5)** measures for each metrics.

(15 marks)

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SECTION B: ESSAY QUESTIONS [75 Marks]
Answer any THREE (3) questions.

QUESTION 1

a) What is the digital divide and what does it mean for e-marketers?

(10 marks)

b) What is the concept of market similarity and how does it apply to companies that target foreign markets?

(10 marks)

c) Briefly explain the importance of diaspora communities for e-marketers.

(5 marks)

QUESTION 2

a) List any **FIVE (5)** advantages of online survey research.

(10 marks)

b) Identify the **FIVE (5)** key primary research methods and the appropriate use of each one.

(15 marks)

QUESTION 3

a) List with examples any **FIVE (5)** psychographic segments that can be further explored by e-marketers.

(10 marks)

b) Identify any **FIVE (5)** techniques that can be applied by e-marketers to differentiate their offerings. Provide example for each technique.

(15 marks)

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QUESTION 4

a) Internet marketing is efficient when customers have equal access to information about products, prices, and distribution. List **FIVE (5)** situations that customers may experience in the efficient internet marketing.

(10 marks)

b) Demonstrate how do e-marketers use fixed pricing, dynamic pricing, and segmented pricing online?

(15 marks)

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